

DECISION



**THE COMPTROLLER GENERAL
OF THE UNITED STATES
WASHINGTON, D. C. 20548**

FILE: B-213140

DATE: April 11, 1984

MATTER OF: Falcon Research and Development Company

DIGEST:

GAO approves settlement of a claim by a contractor against a defunct federal agency.

The General Services Administration (GSA) has requested our Office's authorization to settle a claim by Falcon Research and Development Company (Falcon) based on the performance of contract No. 2-AQ-7243 with the now defunct National Commission on Air Quality (Commission). The Commission terminated its activities on April 30, 1981, and GSA was then authorized, pursuant to an agreement entered into under the Economy Act, 31 U.S.C. § 686 (1976), for administrative support services, to pay outstanding invoices and to perform other ministerial tasks necessary for the liquidation of the Commission's assets and liabilities.

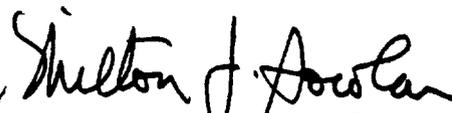
The contract in question was for a study of "Automatic Emission Control Technology" on a cost-plus-fixed-fee basis. While the Commission received the final deliverable under the contract from Falcon on August 14, 1980, Falcon contended that the negotiated overhead rate of 125 percent under the contract was in error and claimed a 20-percent labor cost overrun and a 10-percent subcontract cost overrun. The Commission terminated its activities without taking any formal action on the outstanding claim. However, the contracting officer provided GSA with a draft decision on the claim, stating that the 125-percent overhead rate was fixed in the contract, the increased labor costs were not timely raised to the government, the increased subcontract costs were allowable, and a 24.16-percent general and administrative expenses rate applied due to a Defense Contract Audit Agency report rather than the 18-percent rate in Falcon's proposal. Based on this draft decision, GSA and Falcon have agreed to full settlement in the amount of \$20,886, subject to our approval.

GSA states that funds sufficient to pay the settlement are available for obligation.

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To [unclear]

As GSA and Falcon have agreed to full settlement in the amount of \$20,886, which we find reasonable, we approve payment in that amount. See 33 Comp. Gen. 384 (1954).

for 
Comptroller General
of the United States